



"Investing in Africa's Future"

FACULTY OF MANAGEMENT AND ADMINISTRATION

**MBA 503: QUANTITATIVE METHODS
END OF FIRST SEMESTER EXAMINATIONS**

NOVEMBER/DECEMBER 2016

LECTURER: (P TARAMBAWAMWE)

DURATION: (3 HRS)

INSTRUCTIONS

Answer ALL Questions

MARKS FOR EACH QUESTION ARE SHOWN AT THE END OF EACH QUESTION

SECTION A (Each question carries 2 marks)

1. Identify and explain two measures that one would implement to reduce fraud losses.
2. Explain the steps in fraud.
3. Identify one objective of an accounting information system (AIS) and show its relevance in business today.
4. If you were extracting reports what would you do if you came across open batches? Support your answer.
5. The date of birth is an essential part of the human resource management cycle. Explain two reasons for its importance.
6. Explain two possible threats that can affect your fixed assets.
7. What measures would you put in place to minimise the impact of the threats in question (6) above.
8. "Bank reconciliation statements are critical for managing your cash." Comment.
9. How does timeliness of reports aid in strengthening internal controls.
10. What is data diddling in committing fraud?
11. What is the purpose of internal controls?
12. Explain two problems associated with developing our own software.
13. As a recent graduate explain two problems that are associated with quotations that your organisation must watch out for.
14. Explain two measures that would help you identify fraudulent behaviour in employees.
15. How does management carelessness contribute to fraudulent behaviour?
16. Identify and explain two limitations of internal controls.
17. Explain one condition for fraud in terms of the common law.

SECTION B – CASE STUDY

Explain how the principle of segregation/separation of duties is violated in each of the following situations in Z Company Limited. You are also required to suggest one or more procedures to reduce the risk and exposure of all the situations below, in relation to internal control environment concepts.

- a) A payroll officer recorded a 40 hour week for an employee who had left the company the previous week. He prepared a payroll for this person and a cheque was issued, forged her signature and cashed the cheque.
- b) While opening the company's mail a Cashier set aside and later cashed two cheques payable to the company. These cheques were from debtors.
- c) An Accounting Officer prepared a non-existent/fictitious invoice from a company using his brother in law's name. He prepared a cheque as payment for the invoice and the brother in law cashed the cheque.
- d) Requests for stationery from various departments were given to the security guard to collect from the stores. On the way to the Stores the guard inflated the quantities requested and collected them but hid the additional items on his way from the stores.
- e) An employee in the finishing department walked off with several parts from the storeroom and recorded the items in the inventory ledger as having been issued to the assembly department.
- f) An accounts payable clerk recorded invoices received from a company that he and his wife owned and authorised their payment.
- g) A Cashier created false purchase return vouchers to hide theft of \$5 000 from his cash register.
- h) A Procurement Officer received 10% kickback of the invoice amount for all purchases made from T Limited.

(24 marks)

SECTION C

1. The control environment is the most important component of the five components of internal controls. Discuss. (24 marks)

2. "Outsourcing your accounting information system should be carefully evaluated." Discuss. (18 marks)

END OF EXAMINATION PAPER